

April 1974



DIGEST

THE CO-OPERATIVE FEDERATION
OF AUSTRALIA

THE CO-OPERATIVE FEDERATION OF AUSTRALIA

- * Is a federation for all types of co-operatives throughout Australia.
- * Is affiliated with the International Co-operative Alliance.
- * Among its objects are:

TO promote the development of co-operative enterprise in all forms in Australia by giving counsel and providing regular opportunities for mutual discussion of co-operative ambitions and problems.

TO advance the claims of co-operative enterprise for adequate, and where necessary protective, legislation and to foster among government and commercial administrative authorities an intelligent understanding of co-operative aims and principles.

TO foster unity within the co-operative movement in Australia.

TO compile reliable statistics of co-operative activity in Australia regarding membership, business turnover resources, co-operative distribution, and any other details indicating its strength and progress.

TO maintain liaison with international co-operative organisations and to exchange information of mutual advantage in aiding the extension of co-operation.

Members are:

The Co-operative Federation of Queensland; The Co-operative Federation of New South Wales; The Co-operative Federation of Victoria; The Co-operative Federation of Western Australia; The Murray River Wholesale Co-operative Society, South Australia; The Wine and Brandy Co-operative Producers' Association of Australia.

Associate members are:

The Australian Federation of Credit Union Leagues; The Australian Producers' Wholesale Co-operative, Victoria; The Co-operative Insurance Company of Australia; The Eudunda Farmers' Co-operative Society, South Australia; The Newcastle & District Co-operative Society, New South Wales.

CO-OP DIGEST

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Editor

J. Lawrence

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CO-OP COMMENT

THE next issue of Co-op Digest will be published in July 1974. State federations and individual co-operatives are invited to forward articles or items of interest for publication addressed to the Editor, by June 1, 1974.

It was intended to publish in the current issue the papers given at last year's National Convention on Co-operatives by Mr E. F. Mannix on taxation and by Mr R. M. Graham on financing co-operatives.

Because these papers have been printed in full and circulated to all who attended the convention, it was decided not to publish extracts in this Digest. Should anyone be interested in a copy of either talk, the Editor will be pleased to arrange to forward one on application.

Co-op leaders meet Wriedt

FOLLOWING the request from delegates to the National Convention of Co-operatives held in Canberra in August 1973, a deputation from agricultural co-operatives met the Minister for Primary Industry, Senator Wriedt, in Canberra. A wide range of topics was discussed in an informal way and a useful exchange of information took place.

Subjects included support for agricultural co-operatives, co-operative rural credit systems, rural reconstruction and rural population, co-operative marketing, the Trade Practices Bill 1973 and Australian Government support for Co-operative policies of United Nations Organisation. Details appear on pages 7, 8 and 9.

IN December the Prime Minister (Mr Whitlam), announced the setting up of a group to develop a set of principles from which future policies related to the rural areas could be developed.

Submissions considered and approved by the working party will be published by government authority in a "Green Paper" which will enable it to be debated in Parliament, in the Cabinet and in the community — from which it should be possible for the government to create a more viable rural sector of the Australian economy.

The Co-operative Federation submission recommends that in addition to the current strong activities in agricultural marketing and servicing types of co-operatives, emphasis should be given to the production type of co-operative.

It was also recommended that consideration should be given to undertaking detailed studies of improved rural credit facilities including credit to assist capitalisation for development of rural co-operatives.

It was recommended also that consideration be given to developing programs of education in management techniques and business operations for the aboriginal and Torres Strait Island population. This would be aimed at developing many of the current projects being

CFA puts the rural view

organised for and by these members of our population into co-operative projects.

The attention of the working party was also drawn to the increasing evidence of the acceptance of co-operatives as a desirable way of life and business, and also to the increasing interest shown by the younger generation in involvement in many areas of community activities in their own way.

The fact that co-operative education is lacking and that no course specifically dealing with co-operatives exists in any institution in Australia was a matter of concern to the co-operative movement and the working party was asked to consider promoting a correction of this shortcoming.

Maybury resigns

BOB Maybury has resigned as honorary secretary of the Co-operative Federation of Victoria.

At the 1974 Congress, delegates were grateful to Mr Maybury for his work as honorary secretary since the Federation was formed in 1970.

The Council of the Co-operative Federation of Victoria is grateful to Murray Goulburn Co-operative for enabling one of its officers, Mr Jim Rigby to become the new Honorary Secretary of the Co-operative Federation of Victoria.

Future planning

"Planning the Future of Your Credit Union" was the subject of a three-day seminar conducted by the Victorian Credit Co-operative Association at Parkville in February.

Guest lecturer was Mr Bob Hornal, development manager of the British Columbia Central Credit Union.

A choice of dates was given because the seminar was repeated three times. More than 300 people attended from 70 credit unions.

Participants praised the standard of the seminar and this was a tribute to the outstanding ability of Mr Hornal.



FINANCIAL CORPORATIONS ACT

THE VCCA has closely examined the proposed Financial Corporation Act 1973 and has made a submission to the Federal Treasurer, Mr Crean.

The VCCA sub-committee on the subject met Mr Crean on February 22 to discuss contents of the submission.

WHAT WE TOLD SEN. WRIEDT

CO-OPERATIVE MARKETING

The deputation submitted that the Australian Government might provide more encouragement for the broadening of marketing activities of Australian co-operatives, both on the home market and overseas.

The submission was based on the three areas of marketing operations:

1. The private trader
2. The co-operative marketer
3. Government agencies

The implications of the multi-national private trader and the consequent effect of such activities on the Australian economy were stressed by the deputation as were the advantages of the co-operative type of marketing of local ownership and local control.

RURAL CREDIT

The deputation submitted that the present services of rural credit are inadequate, particularly in the long-term area of financing farmers onto properties.

The deputation quoted the practice in the US where a

Here are extracts from the submission made to the Minister for Primary Industry, Senator Wriedt, on the following items:

farm credit system operates in three tiers, which after initial funding by government are now farmer-owned and controlled following a re-payment program which included building-up member equity when obtaining and re-paying loans.

1. The Federal Land Bank system providing credit for up to 40 years.
2. Production credit associations providing credit for farm inputs and farm requirements and rural communities for up to seven years.
3. Banks for co-operatives providing specific monies for agricultural co-operatives rather than as lenders to individuals.

RURAL RECONSTRUCTION AND RURAL POPULATION

The deputation submitted that the present rural reconstruction legislation does not act sufficiently positively

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to encourage the government's policy of maintaining rural population.

The deputation considered the present legislation concerning farm build-up was a direct encouragement for the smaller farmer to leave his property and take his family out of the rural area of operations.

The deputation submitted that incentives should be provided to encourage farmers, particularly the smaller type, to enter into syndicate or co-operative-type farm production activity.

Examples of success in these areas in Western Australia and the involvement of the WA State Government in this area were cited.

**SUPPORT FOR
AGRICULTURAL
CO-OPERATIVES**

The deputation submitted that the Australian Government might fund an agency for agricultural co-operative services to be established within the Department of Primary Industry.

The deputation submitted that agricultural co-operatives comprise a wide range of industry activities which collectively are of major benefit to the Australian economy but which individually are unable to supply the necessary research and developmental services needed to improve their

operations in the national interest.

Examples of practices in the US, Britain and recently in Canada were quoted as demonstrating the need which has been realised in those countries with similar agricultural operations to those of Australia.

**RESTRICTIVE TRADE
PRACTICES ACT**

The deputation drew the Minister's attention to the Trade Practices Bill 1973 which had been introduced into the Australian Parliament and which could, in its present form, be disadvantageous to co-operatives.

By the very definition of co-operatives under the Federal Taxation Act such an organisation to qualify for co-operative taxation concessions must conduct at least 90 per cent of its business with its members.

This could in some circumstances be interpreted as restrictive and monopolistic. The deputation considered this was not the intention of the Australian Government to penalise co-operatives in this manner.

**UNITED NATIONS AND
CO-OPERATIVES**

The deputation submitted that the Australian Government should at all times use its influence in the United Nations Assemblies, Councils and Committees to support policies for promotion of co-operative activity.



THE production co-operative system has meant big savings on machinery investment at Quairading, Western Australia.

Housing finance

MR L. F. McGinty, Minister for Housing and Co-operative Societies, has announced that the recent allocation of \$4.1 million from the Home Builders' Account will be made available to home seekers through 80 terminating co-operative building societies throughout the state.

Mr McGinty said the money would be advanced at less than 6 per cent over a 30-year term. The societies could advance up to 95 per cent of valuation but the maximum loan was limited to \$15,000 and must be an applicant's first loan for the building or purchase of a dwelling.

This money, Mr McGinty said, was released from the

Revolving Fund which is funded from repayments and discharges of existing loans and was in addition to the \$3.23 million also allocated from the Revolving Fund last November.



CLARRIE MURPHY, secretary of the Co-op Federation of NSW since 1966, has resigned.

The committee of management of the Federation, at its February meeting, recorded their appreciation of the many years devoted service Clarrie Murphy has given to the co-operative movement.

Mrs Jill Rayner is acting secretary pending the appointment of a successor. Mrs Rayner is well-known to rural co-operatives in NSW, having been acting-general secretary of the Primary Producers' Union and honorary secretary of the Primary Industries Council of New South Wales.



ANNUAL MEETING 1974

The Federation has set Thursday, November 7, as the date for the 1974 Annual Co-operative Conference.

New concept in co-op housing

THE recent announcement by the Liberal party that they intend to include co-operative ownership of housing in their platform for the next federal election makes it important for people to know something of this type of housing.

Co-operative ownership of homes has been an accepted method of providing houses in many countries of the world for a number of years and the purpose and approach of the various schemes vary quite widely.

There are schemes which require the members to actually construct the homes while others give them a right of perpetual tenancy of the property of the co-operative.

Co-operative housing is used to build minimum standard low income housing in parts of Africa as it is used to build multi-storey flats in New York.

It is impractical to detail the operation of each of these schemes but the one which usually creates the most interest in Australia is the system used in the United Kingdom under the direction of the state-supported Housing Corporation.

BY
Robert
Maybury

Essentially societies are divided into two types.

COST-RENT

The cost-rent society is formed by a number of people having a social or commercial interest in housing and is usually concerned with the construction or the purchase and renovation of flats or units with significant support from the Housing Corporation.

The local society conducts feasibility studies and eventually decides on the plans and costing requirements. It is empowered to borrow one-third of the cost from the government and the other two-thirds is usually obtained on a long-term loan from a building society or other institutions.

These loans are usually of a 35 or 40-year term. Having completed the project the society then determines an economic rent based on the running costs of the property

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together with sufficient margin to meet the repayments of capital.

The individual units are then let at this figure or something close to it. No alteration of rent can take place without government approval and only then on the basis of rising costs.

The essential part of a cost-rent association is that the actual users do not become members of the co-operative but merely tenants. Normally their tenancy is protected in some form of agreement and this together with the limitation of any rent increases makes this form of rental very attractive and tenants retain a right to vacate the property as they see fit.

There are a number of obvious difficulties concerning the scheme including the problem of finding people prepared to run the co-operative over a long period, the problem of obtaining the necessary finance under terms which will keep repayments to a minimum and the long-term problems of replacement of buildings and overall costs in the event of a number of vacancies for any reason.

CO-OWNERSHIP

The second form of co-operative is the co-ownership which begins in a similar manner to the cost-rent society with the formation of a group which constructs the units, or in some cases individual houses, but differs

in the requirement that the control of the society then passes to the occupants of the dwellings.

In addition to mere running charges the repayment is set to create an equity by each member in the property. He does not in fact buy the particular unit that is occupied by him but obtains part-ownership of the whole block of flats.

This means that in addition to the low rentals and guaranteed occupancy he is actually building up an equity which can be disposed of should he leave the project or upon his death.

Apart from the problems of finance the major area of concern in this type of society appears to be the problem of re-developing the site once the buildings have reached the limit of their economic life.

Under the terms of the housing corporation agreement the society cannot sell the land at a substantial profit and therefore must be continually conscious of the fact that a run-down building will not attract members but on the other hand the cost of renewing buildings would add considerably to the monthly carrying costs.

Although these forms of co-operative housing have not been accepted as widely as some would have expected in Great Britain there certainly has been a measure of success and there seems no doubt that this subject will become a live topic in Australia in the future.



Dr. S. K. Saxena

DECISIONS, DECISIONS

HERE are some of the decisions made by the Council of the Co-operative Federation of Australia when it met in Adelaide last November.

Taxation: Approval was given by all state co-opera-

tive federations to the submission on taxation made to the Australian Government by the Australian Council.

International co-operative alliance: Australia's contribution for this year will be raised from \$600 to \$750. The Council is also committed to \$1000 for the I.C.A. Regional Office.

Australian budget: Subscriptions from state co-operative federations were increased

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Progress in S.A.

PROGRESS has been made towards establishing a co-operative federation of South Australia.

A working party, formed after a meeting convened in Adelaide last November by the CFA, elected Mr A. R. Litchfield as chairman.

Mr Litchfield is a member of the CFA Council. Mr J. F. Gaetjens was appointed secretary. Positive support has been received from co-operatives in the State and further meetings are arranged to develop the proposal.



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by 50. per cent for financial year 1974.

Council executive: A new position — past president — was created for the Executive of the Council. Mr Bill Kidston (Qld) became the first to fill the new position.

Canberra voice: A committee was established to investigate what arrangement can be made to give the co-operative movement a voice in Canberra.

Co-operative education and youth: Information is to be sought from state federations on their activities in co-operative education and youth.

Co-operative movement booklet: A booklet on the co-operative movement in Australia has been prepared by the CFA. It is being submitted to the Department of the

Media for Government publication.

Future Convention: A national co-operative convention will be held in 1974. Emphasis at it will not be placed on any particular type of co-operative. It is hoped that Dr S. K. Saxena, director of the International Co-operative Alliance, will be able to attend this year's convention.

International co-operative trading company at Singapore: Australia has a share allocation of about \$15,000. The council agreed to invite co-operatives to apply to CFA, if they were interested in being shareholders. Only co-operatives affiliated with Co-operative Federation of Australia would be eligible to apply for the Australian allocation.

Overseas aid and training: Queensland Federation will continue to handle this for CFA.



QUEENSLAND held their Co-operative Congress at Toowoomba on March 25 and 26. The theme was "Realism in Commercial Co-operation".

Papers given were on

- Australia's Future Role and Co-operative Involvement in Feeding the World.
- Co-operation for Survival.
- The Tax Act and its Application to Co-operatives.
- The Government's Role in Assisting the Establishment of New and Diversified Businesses.
- Changing Trends in Primary Industries and Their Effect on Future Planning of Co-operatives.
- Elements Affecting Retail Co-op Growth.



Victorian Co-op Federation had its 1974 annual congress in Melbourne on March 25, 1974.

The Victorian Federation recorded its thanks to the Victorian Government for

Co-ops meet

its grant of \$1000 for 1973-74 for promotional work in co-operation.



Western Australia's 54th conference — held at Perth on March 25 and 26 — was opened by the Governor, Air Commodore Hughie Edwards, VC.

The main address was given by the Federal Minister for Primary Industry, Senator Wriedt, who spoke on "The Australian Government's view of the role of agricultural co-operatives in today's economic conditions."

Other subjects covered in papers were: "Co-operatives and the Cost of Challenge", "West Australian Co-operatives and the International Co-operative Trade Exchange", and "Co-operatives and Future Members".



STATE GOVERNOR VISITS CO-OPERATIVES

Western Australia's new Governor, Air Commodore Hughie Edwards, V.C., recently visited a wide range of co-operatives in the Perth metropolitan area. These included dairying, honey, fruit and vegetable, grain, marketing store-keeping co-operatives. The Governor was guest of Co-operative Bulk Handling Limited and the Co-operative Federation of Western Australia to lunch on that day.

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